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Customer Satisfaction Index of Singapore 2010: Q2 Results

Customer Satisfaction Index of Singapore 2010: Full Year Overview

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CUSTOMER SATISFACTION INDEX OF SINGAPORE 2010

Q2 SCORES
EDUCATION AND TRANSPORTATION & LOGISTICS
EXECUTIVE SUMMARY



INSTITUTE OF
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SINGAPORE MANAGEMENT UNIVERSITY





2010 Q2 SCORES EDUCATION AND TRANSPORTATION & LOGISTICS

Transportation & Logistics 68.7

Airport 73.7

73.7 Changi Airport

Airlines 71.8

79.3 Singapore Airlines*
71.7 Cathay Pacific
71.6 Emirates
69.0 Qantas
68.4 SilkAir
65.8 All Others

Courier & Postal Services 65.7

67.0 SingPost
65.6 DHL
65.5 FedEx
64.4 UPS
64.4 All Others

Taxi Services 64.4

65.4 Transcab
65.4 Premier
64.2 ComfortDelGro
63.8 SMRT
65.3 All Others

Mass Rapid Transit Systems 64.1

65.5 SBS Transit
63.8 SMRT

Water Transportation 62.5

Public Buses 61.1

61.9 SMRT
58.9 SBS Transit

Budget Airlines 59.5

Education 65.5

Universities 69.3

71.0 NUS
69.8 SMU
69.3 NTU
60.8 UniSIM

Polytechnics 68.5

71.8 Temasek*
70.6 Nanyang*
69.9 Ngee Ann
65.2 Singapore
61.4 Republic

Commercial Schools 65.0

ITE 58.0

This chart summarises the results of the CSISG 2010 satisfaction scores in the Education and Transportation & Logistics sectors at the sector, sub-sector and company levels.

The sector scores (in gold) represents a weighted average of their respective sub-sector scores (in blue). Satisfaction scores for sub-sectors with individual company scores are weighted averages of these individual company scores.

* Companies indicated with an asterisk(*) are companies that have performed significantly above their sub-sector average.

BACKGROUND

The Institute of Service Excellence at Singapore Management University rolled out the Customer Satisfaction Index of Singapore for companies in 8 key economic sectors in 2007. 2010 marks the introduction of a quarterly measure-and-release system. Each quarter, end-users of companies from two economic sectors are surveyed. The results are estimated and analysed for release in the same quarter. The national score will be released in the first quarter of the following year. Sectors measured in the second quarter of 2010 are Transportation & Logistics and Education.

CSISG company scores draw upon face-to-face interviews with consumers of the companies' products and services. Sub-sector scores are derived as a weighted average of company scores, in proportion to the revenue contributions of Companies. Sector scores are derived in a similar fashion, aggregating the sub-sector scores proportionally to each sub-sector's revenue contributions.

FIELDWORK PROCESS

For the Education sector, survey data was collected between April and May 2010. Data for the Transportation & Logistics sector, was collected between April and July 2010.

9,096 questionnaires were completed by respondents from 5,233 households. Household respondents were queried about business entities (companies) from either sector.

1,703 questionnaires were completed by departing tourists at Changi Airport. Each tourist was asked about a business entity from one of the following sub-sectors: Mass Rapid Transit System, Public Buses, Taxi Services, Airlines, Budget Airlines, and Commercial Schools.

1,004 questionnaires were completed by a mix of locals, tourists and transit passengers at Changi Airport, asking about their experience with the airport.

A total of 11,803 questionnaires were completed. The questionnaires were designed to measure aspects of the respondent's cumulative as well as most recent experiences with the business entity.

RESULT HIGHLIGHTS

The satisfaction score for the Transportation & Logistics sector has remained unchanged at 68.7 points for three consecutive years, as shown in Figure 1. At the sub-sector level, however, several sub-sectors experienced statistically significant changes at the 90% level of confidence.

Scores for Mass Rapid Transit System and Public Buses sub-sectors decreased significantly from 2009, whereas satisfaction scores for Courier & Postal Services sub-sector and Changi Airport increased significantly. Changes in satisfaction scores for the remaining sub-sectors, namely Taxi Services, Airlines, Water Transport, and Budget Airlines are not statistically significant, although significant improvements or declines were made on a company level.

Satisfaction score for the Education sector dropped significantly this year. Within the sector, satisfaction with Universities sub-sector has decreased significantly whilst the changes for Polytechnics and Commercial Schools are not statistically significant.

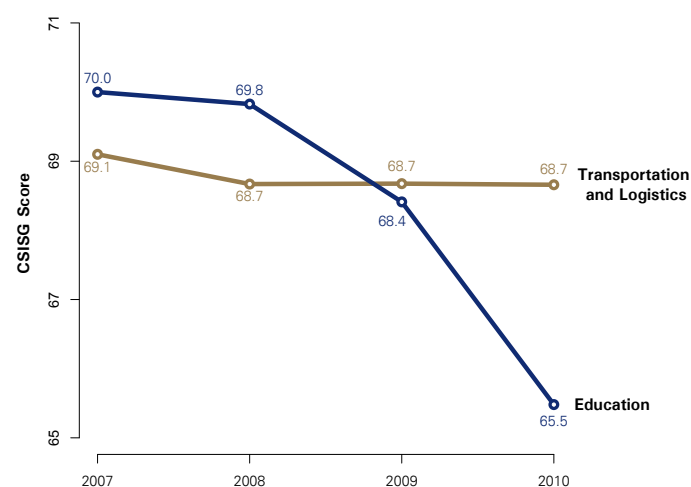


Figure 1: CSISG scores for the Education and Transportation & Logistics sectors from 2007 to 2010

FINDINGS

EDUCATION

For the Universities sub-sector, scores for all three drivers of customer satisfaction have decreased significantly compared to last year. Generally, students from the universities surveyed expressed lower expectations of overall quality of education given their distant past experiences, lower overall quality based on their recent experience, and lower quality of experience relative to the fees paid. These drops underscore a need for tertiary institutions to re-examine policies and internal processes holistically.

Moreover, it is in the long-term interests of tertiary institutions to ensure that students have satisfying experiences during their tenure with the institution. In the CSISG questionnaire, current students at Polytechnics and Universities were asked to rate their willingness to donate either time or money to their respective institutions after graduation. The students' responses confirmed the hypothesis that there is a discernible positive relationship between students' current levels of satisfaction and their future intentions to give back to their alma maters, as shown in Figure 2.

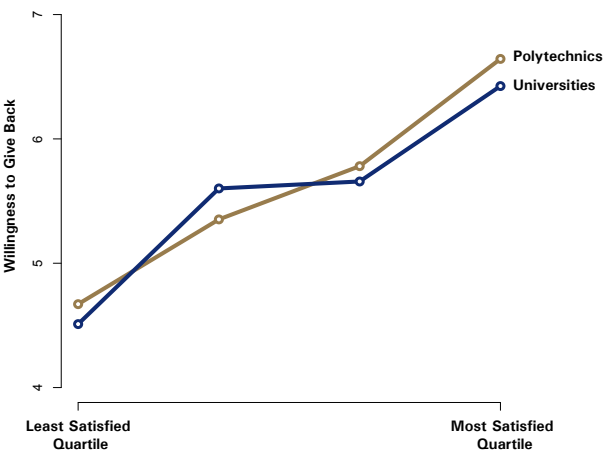


Figure 2: Line graph showing a positive relationship between current levels of satisfaction and willingness to give back to the institution in future for Polytechnics and Universities sub-sectors

TRANSPORTATION & LOGISTICS

Within the Transportation & Logistics sector, both the Mass Rapid Transit Systems and Public Buses sub-sectors experienced dips in their ratings by both locals and tourists. However, satisfaction of local consumers dropped more than that of tourists.

According to the CSISG model, customer satisfaction has three main drivers, namely, customer expectations, perceived overall quality, and perceived value. For both the Mass Rapid Transit Systems and the Public Buses sub-sectors, perceived value dropped the most. In other words, quality-per-dollar has declined significantly for local consumers in the past year.

Customer satisfaction scores for both the Mass Rapid Transit Systems and the Public Buses sub-sectors have been declining since 2007. In the CSISG questionnaire, commuters are asked to rate how a company compares to an imagined ideal in that sub-sector. For this question, consumer ratings of the Mass Rapid Transit System has declined year-on-year for the past 3 years. Furthermore, each of these changes are statistically significant. This means that to commuters, companies within this sub-sector have been moving away from what they envisage as their ideal Mass Rapid Transit System.

This year's higher customer satisfaction score for Courier & Postal Services sub-sector is largely attributable to an increased ability to meet customer's expectations.

This year's marked increase in Changi Airport's customer satisfaction scores can be largely attributed to higher ratings by locals.

FOLLOWING UP ON COMPLAINTS

In the first quarter release of CSISG 2010 results for Retail and Info-Communications sectors, we highlighted the effect of well-handled complaints on customer loyalty scores. Complaints, when handled well, result in much higher customer loyalty scores than when handled poorly. The implication is that poor customer relationships can be salvaged if companies improve their complaint handling abilities. This quarter, we present a complementary finding showing the positive upshot of following up on customers' complaints. Figure 3 shows the relative differences in average customer satisfaction scores across various conditions. The wider bars represent all customers sampled in 2009, and the narrower bars represent only the Transportation & Logistics customers sampled in 2009.

The net positive effect of following-up on complaints can be observed through a simple comparison between the satisfaction levels of customers expecting a follow-up (red bars and leftmost green bars), as well as a comparison between the satisfaction levels of customers who did not expect a follow-up (blue bars

and rightmost green bars). In both comparisons, the difference between customer satisfaction scores (represented by the height of the bars) can be attributed to the presence or lack of a follow-up action. Under both conditions, the customers who received a follow-up to their complaints (green bars) had significantly higher satisfaction scores than their relevant counterparts regardless of whether they initially expected a follow-up to be conducted. This pattern holds true for both the Transportation & Logistics customers sampled (represented by the narrower bars), as well as for all customers sampled in the 2009 national study (represented by the wider bars).

Following up on customers' complaints, regardless of whether or not they expected any, is positively associated with customer satisfaction, and should be a company's dominant strategy. It is recommended for companies to take the first proactive step to follow up on customer complaints, and thereafter ensuring that they are well handled.

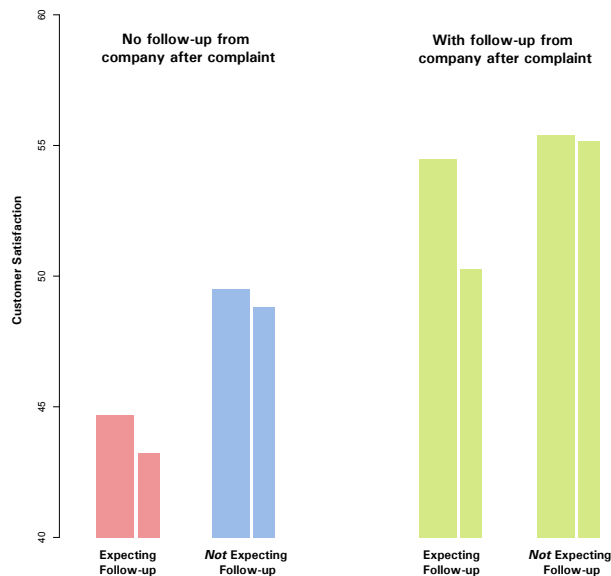


Figure 3: Barplots showing differences in satisfaction scores depending on whether companies followed-up with complaints. Wider bars represent all customers sampled in 2009; narrower bars represent customers sampled in 2009, within the Transportation & Logistics sector only.

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